



Milk Replacer Market Share

How Much Calf Business Is Available?

We're asked quite often about how to capture the milk replacer volume available in a market. The Milk Products sales and marketing team can help develop objectives, then strategies for growth, but first it is important to understand where you're at right now. Defining market share utilizes basic calculations and data already available. Some interpretation of the data and knowledge of benchmarks in your area as compared to national averages are important to arrive at numbers that really make sense.

Market Studies from the USDA- NAHMS, and industry publications like Hoard's Dairyman are useful in collecting data to assess market opportunities. We've pulled together some market information and a calculator to help understand what market share is available in a given geography.

It's all in the Numbers

How many calves are in my geography? This information can be difficult to find, depending on the size, conditions and growth of the market area. Lactating dairy cow numbers are a good place to start, and are a good indication of calf numbers in an area.

Factors affecting calf numbers in your area include:

- Bull calves leaving to veal operations or bob-veal slaughter
- Calves moving into your area through custom calf raising or new dairy operations
- Bull calf raisers-calves coming into your area
- The calving interval on the dairies-a-longer interval means less calves per year
- Death loss at calving and before weaning – the more calves that die, the fewer there are to feed

Where the Cows Are

The USDA provides an annual look at the structure of dairy operations in the U.S. by herd size. Feedstuffs and Feed Management typically publish these annual dairy cow numbers too.

Visit www.nass.usda.gov/census for cow numbers by state and county.

Helpful Management Data

Once cow numbers are known, it is important to know industry information to understand typical U.S. management benchmarks. Data listed below is from the NAHMS Dairy 2002 study or Hoard's Dairyman 2002 market study only where indicated.

- Average calving interval: 13.3 month average over all operations, with operations of 500+ cows having the longest interval at 13.7 months.
- 87.2% of operations feed waste milk to heifers. Waste milk was pasteurized on only 1% of operations.
- Hoard's Dairyman market study revealed 74.9% of producers surveyed fed milk replacer, while 53.2% fed waste milk.
- According to the Hoard's Dairyman survey, 2.4% of producers pasteurized waste milk prior to feeding.
- Average weaning age for dairy heifer calves overall operations is 8.4 weeks.
- A total of 98.1% of producers reported that heifers were born and raised on the dairy, representing 89.5% of all heifers.
- Overall, 8.7% of heifer calves born alive died prior to weaning.
- Calf scours, diarrhea, and other digestive problems accounted for 62.1% of all pre-weaned heifer deaths.
- Respiratory deaths represented 21.3% of all heifer deaths.

We can begin to define current market share and opportunity within a given area using the table below. Cells shaded in green are data cells, others are calculated.



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Milk Replacer Market Share & Opportunity Table

Current Annual Milk Replacer Volume (tons)	500
Estimated # of Cows Served or in market area	100,000
Total Calves born/yr.	90,000
Average survival rate	91.70%
Calves Kept Alive	82,530
% Calves fed MR	64%
Average weaning age (days)	42
Average feeding rate/calf/day	1.25
Average Lbs. powder fed per calf	52.50
Calves in herds fed Milk Replacer	52,860
Calves in herds fed Whole Milk	29,669
Total MR Volume Opportunity (tons)	1,387.59
Current MR Market Share	63.97%

The Dish Behind the Data in the Table

- Calves born per year is a calculation using a 13.3 month calving interval.
- Average survival rate is the opposite of death loss percentage. This uses the industry average of 8.7% death loss. If the death loss in your area is higher or lower, adjust this number accordingly.
- The calves fed milk replacer percentage is an average between those fed milk replacer and those calves fed waste milk, according to the Hoard's Dairyman 2002 survey. This number seems more realistic, as many producers feed milk replacer and waste milk in combination.
- This example uses a weaning age of 6 weeks, even though the national average is higher. This number can also be adjusted according to regional information.
- The average feeding rate is the amount of milk replacer solids, or powder, each calf receives per day.
- The total MR volume opportunity number is calculated by:
(52,860 calves X 52.50 lbs.)/2000
- Market share is the total volume opportunity minus your current volume, divided by the total volume opportunity.

In this example, we have good market share, but can still grow business significantly. With this data we can prioritize the growth opportunity. We can then define what non-users exist in the market area and target them in an organized manner. Additional calculations using this data can be done to calculate gross margin potential. Simply multiply your gross margin per ton by the amount of tons you expect to increase.

Source Data:

NAHMS Dairy 2002 Study: Part 1: Reference of Dairy Health and Management in the United States, 2002

Hoard's Dairyman Market Study 2002

Hoard's Dairyman